

**IN THE CLAIMS:**

1. (Currently Amended) A method in an electronic auction for generating off-increment proxy bids, said method comprising the computer implemented steps of:
  - specifying a minimum increment for bidding on an item;
  - receiving a bid for said item from a first bidder which is currently a high bid for said item;
  - identifying a previously recorded proxy bid from a second bidder which is greater than said current high bid but not greater than said current high bid plus said minimum increment; and
  - generating by said electronic auction an off-increment bid which becomes a high bid for said item utilizing said proxy bid, wherein said second bidder holds a current high bid for said item, further wherein said off-increment bid does not exceed[increase] said bid received from said first bidder by said increment, and wherein said off-increment bid does not exceed said proxy bid.
2. (Currently Amended) The method according to claim 1, wherein the step of generating an off-increment bid further comprises the steps of:
  - generating a proposed bid by said electronic auction, said proposed bid being equal to said minimum increment plus a current high bid for said item;
  - determining if said proposed bid exceeds said proxy bid; and
  - in response to a determination that said proposed bid does exceed said proxy bid, awarding said item to said second bidder for said off-increment bid [proxy bid], wherein said off-increment bid [item] is [sold for] equal to said proxy bid.
3. (Cancelled)
4. (Cancelled)
5. (Currently Amended) An electronic auction for generating off-increment proxy bids, comprising:
  - a minimum increment for bidding on an item;

a bid received for said item from a first bidder which is currently a high bid for said item;

a previously recorded proxy bid from a second bidder which is greater than said current high bid but not greater than said current high bid plus said minimum increment; and

an off-increment bid generated by said electronic auction which becomes a high bid for said item utilizing said proxy bid, wherein said second bidder holds a current high bid for said item, further wherein said off-increment bid does not exceed[increase] said bid received from said first bidder by said increment, and wherein said off-increment bid does not exceed said proxy bid.

6. (Currently Amended) The electronic auction according to claim 5, further comprising:

a proposed bid, said proposed bid being equal to said minimum increment plus a current high bid for said item;

said electronic auction including a CPU executing code for determining if said proposed bid exceeds said proxy bid; and

in response to a determination that said proposed bid does exceed said proxy bid, said electronic auction for awarding said item to said second bidder for said off-increment bid[proxy bid], wherein said off-increment bid[item] is [sold for] equal to said proxy bid.

7. (Cancelled)

8. (Original) The electronic auction according to claim 5, further comprising:

a proposed bid, said proposed bid being equal to said minimum increment plus a current high bid for said item;

said electronic auction including a CPU executing code for determining if said proposed bid exceeds said proxy bid; and

in response to a determination that said proposed bid does not exceed said proxy bid, said electronic auction for awarding said item to said second bidder for said proposed bid, wherein said item is sold for said proposed bid.

9. (Currently Amended) A computer readable medium in an electronic auction for generating off-increment proxy bids, said computer readable medium comprising:

instruction means for specifying a minimum increment for bidding on an item; instruction means for receiving a bid for said item from a first bidder which is currently a high bid for said item;

instruction means for identifying a previously recorded proxy bid from a second bidder which is greater than said current high bid but not greater than said current high bid plus said minimum increment; and

instruction means for generating an off-increment bid which becomes a high bid for said item utilizing said proxy bid, wherein said second bidder holds a current high bid for said item, further wherein said off-increment bid does not [increase] exceed said bid received from said first bidder by said increment, and wherein said off-increment bid does not exceed said proxy bid.

10. (Currently Amended) The computer readable medium according to claim 9, wherein the instruction means for generating an off-increment bid further comprises:

instruction means for generating a proposed bid, said proposed bid being equal to said minimum increment plus a current high bid for said item;

instruction means for determining if said proposed bid exceeds said proxy bid; and

instruction means for in response to a determination that said proposed bid does exceed said proxy bid, awarding said item to said second bidder for said off increment bid [proxy bid], wherein said off-increment bid is equal to [item is sold for] said proxy bid.

11. (Cancelled)

*A*  
12. (Cancelled)

13. (New) A method of awarding an auction item to a proxy bidder in an electronic auction, the method comprising the computer implemented steps of:

specifying a minimum increment for bidding on the item;

receiving, by the electronic auction, a bid for said item from a first bidder wherein the first bid is a first high bid;

identifying, by the electronic auction, a previously recorded proxy bid from a second bidder which is greater than said first high bid and less than said first high bid plus said minimum increment; and

recording, by the electronic auction, the proxy bid as a second high bid.

*AK*  
14. (New) The method of claim 13, further comprising the step of:

calculating, by the electronic auction, a proposed bid that is equal to a sum of the first high bid and the minimum increment.

15. (New) The method of claim 14, further comprising the step of:

comparing the proposed bid with the proxy bid.

16. (New) The method of claim 15, further comprising:

determining, by the electronic auction, the proposed bid exceeds the proxy bid, wherein the recording step is performed responsive to determining the proposed bid exceeds the proxy bid.